

Party Novelty and Economic Voting: The Evidence from the EU Parliamentary Elections

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Abstract

In previous research on economic voting, it was found that the effect of the economy on voters' party preferences is not uniform across various party characteristics. This work brings attention to yet another important party characteristic – party novelty, which is defined as the quality that reflects the degree and type of change within party organization. It is argued, novelty determines the extent to which each party is held individually accountable for the state of the economy by altering party identity and party ability to be recognized. The study introduces a newly developed Party Novelty Database measuring party change in the EU (1989-2009). Results show, that party novelty, in its broadest meaning, suppresses the reward/punishment mechanism in economic voting models for opposition parties, while its effect is only marginal for government parties.

Democracy rests on accountability. Parties, being the key representative political organizations, should be accountable to voters for their actions. Previous literature suggests that voters tend to punish or reward parties based on a country's economic performance. But in order to punish a party, voters must make a mental connection between the party's past identity and its present identity. In other words, voters should *recognize* a party as essentially the *same* party that existed in the previous electoral cycle. It is an intuitive task for voters if a given party stays intact. But what if a party changes its name? Or if a party absorbs another party and keeps its name unchanged? Or what if a new party emerged as a split from a party in power right before elections? Would voters still punish these changed parties? More generally, would voters still punish or reward a party even after it altered its identity? Answering these questions would help us understand democratic accountability on a deeper level. This paper only scratches the surface of answering these important questions and provides a basis for future in depth research.

The array of changes parties undergo is wide. Some alter their programs, appoint new leaders, change party names, or undergo more drastic transformations such as mergers and splits. In addition, a small number of parties emerge as genuinely new actors. In this study, the quality that reflects the degree of change within a party in terms of its structure (mergers, splits, etc) and attributes (name, leader, and program) within one electoral cycle will be called *party novelty*. Novelty shows how *new* a particular party is. At any given time any single party has some degree of novelty. This study is set to determine how novelty shapes and specifies the effect of economic conditions on voters' party preferences.

In its investigation of the relationship between "party novelty" and voters' party preferences, this study speaks to two distinct bodies of literature. First, it contributes to our

understanding of voting behavior within different electoral contexts. In previous research on economic voting, it was found that the effect of economy on party preferences is not uniform across party level variables (Van Der Brug et al. 2007; Anderson 1995; Hibbs 1977, 1982; Powell and Whitten 1993; Whitten and Palmer 1999). This work brings attention to yet another important party characteristic that may condition economic voting – party novelty. Second, this study contributes to the party development literature by highlighting organizational (or non-policy) changes within parties and differentiating them from changes of party policy. It distinguishes the effects of policy and non-policy changes on the electoral success of a party.

The first section of this paper discusses the concept of party novelty, providing it with a theoretical basis and depth. It also considers the empirical question of how common party change is in various electoral contexts by briefly discussing the results of the comparative study of party novelty across about 502 cases in 65 electoral contexts (covering four EU elections – 1994, 1999, 2004, and 2009 – in 24 European countries). The second section presents theoretical expectations and empirical tests of the relationship between the change in voters' party preferences and the change in party novelty across various electoral contexts. The analysis uses two existing survey projects – European Election Study and Euromanifesto Project – which allow comparison across 90,000 respondents in 65 electoral contexts. The findings and directions for future research are discussed in the final section.

THE CONCEPT OF PARTY NOVELTY

The line between new and old political parties is not well-defined. As specified in earlier studies, a party loses its newness after its first participation in a general election (Hug 2001; Lucardie 2000; Mair 1999, 2002; Sikk 2005; Tavits 2008). A party is new as long as it is on a ballot for the first time. Specifically, Hug (2001) defines a new party as a “genuinely new organization that appoints, for the first time, candidates at a general election to the system's representative assembly.” (Hug 2001, p. 14) This parsimonious definition is problematic. In particular, it is not easily applied to various political circumstances. For instance, it might be problematic for studies on new democracies which have only one election on the record. In these countries almost all parties are new to the ballot. If a researcher needs a variation of party newness he/she has to use a different criterion than the *début* on the ballot. It has been suggested to use the year of acquiring independence as a better dividing point between new and old parties.¹ Even though this suggested method provides a better variation of party newness, it still forces a researcher to draw a line between “old” and “new”. This brings up another problem with the definition: how to differentiate a “genuinely new organization” from *not genuinely* new one? Where should a researcher draw a dividing line?

Differentiating parties in accordance to their origin should give us a clue. Parties can form from a fusion (merger), fission (split), or from scratch (“genuinely new party” or “start up” party). While fission parties are included in the category of “new parties”, in most of the studies fusion parties are not classified as “new” (Hug 2001; Kreutzer and Pettai 2003; Tavits

¹ Kreutzer and Pettai (2003) differentiate between old and new parties depending on whether they existed prior to the state independence

2008; Sikk 2005). Thus, in the party development literature, new parties include genuinely new parties and fissions, and exclude electoral alliances and fusions. Parties that have simply changed their names, programs, or leaders are not counted as new.

Even though most of the authors studying new party formation and success note the difficulty of defining the exact border between new and established parties, many have to draw this border for methodological reasons. Figure 1 presents this issue in schematic terms. It shows two distributions of party cases – the one to the left represents the expectation in common literature about the frequency of established parties and the one to the right represents the expectation about the frequency of new ones. The longer tails of these distributions are averted from each other showing that genuinely new parties should be very rare, as should be truly unchanged ones. At the same time, both distributions are skewed towards each other suggesting that most of the parties belong to the area where those two distributions meet. This is the area where most of the literature draws the line between the established parties and new ones. This line is very precarious as the majority of parties are concentrated around it. Moving the line even slightly can bring a lot of new cases in or drive quite a few cases out of the research.

Thus, *where* the border between established and new parties is drawn has implications for research. For instance, the success of new parties may be either over or underestimated depending on whether merger parties are included in a study or not. Therefore, rather than drawing the line between new and established parties, this study views novelty as a matter of degree. It defines *party novelty* as the quality that reflects the degree of change within a party in terms of its structure and attributes within one electoral cycle². One

² The nature of party *attributes* and party *structure* is defined further in this section

of the key assumptions made in this paper is that party novelty is a quality that party acquires within one electoral cycle. Once a party participates in general elections, its novelty is annulled. In other words, all changes a given party underwent in the previous electoral cycle have ‘used up’ their effect in the following election.

In order to measure party novelty, I classify parties into groups along a two dimensional continuum. The first dimension represents the change or combination of changes of party attributes such as party name, leader, and program. The values on this continuum are ordered according to the ordinal scale. The ordering is theory based reflecting how a certain party attribute should make a party more or less recognizable to ordinary voters. The change of program is assumed to have less impact on party ability to be recognized than the change of leader or name. Thus, the maximum on this continuum constitutes a case when a party changed all three attributes (name, leader, and program); the minimum is when it did not change any of them.

The second dimension represents structural changes that parties undergo. This continuum is ordered in the similar fashion based on theoretical consideration – from no change to the change that should alter the party identity the most in voters’ eyes. The exact order on this dimension is as follows: (1) party stayed intact; (2) party abandoned electoral list; (3) party joined electoral list; (4) party expanded by merger or elite defections from other parties; (5) party suffered a split or elite defection; (6) new party emerged from the merger of the previously existing parties; (7) new party emerged from the split of the previously existing party; (8) new party emerged from the dissolution of the previously existing party; (9) start up party emerged from scratch. Only parties that alter the conventional pattern of party politics and “break the party-cartel circle” will be included in the last group (Sikk,

2005, p. 399). Thus, in the bottom left hand corner of the plane there would be parties that have not changed any of their attributes and stayed structurally intact. In the upper right hand corner of the plane there would be start up parties that have new attributes (name, leader and program) by default.

THE EMPIRICAL DISTRIBUTION OF PARTY NOVELTY

This section explores how well the concept of party novelty describes the real world politics. How common is the case in which a party alters its name or undergoes other transformations? This section answers these questions by measuring party novelty in a systematic way and presenting the results below. I constructed a database by collecting data on change of party attributes and structure in the EU countries from one EU election to another between 1989 and 2009. The data for this database was collected came from several sources. All data except for the change of party program came from official party websites and newspaper articles. Data for the change of party programs came from the Euro Manifesto Project data for the corresponding years³.

The choice of EU countries over any other region is justified by two reasons. First of all, EU region was chosen because it includes both – countries where we expect to see low level of party novelty (Western Europe) as well as countries where we would expect high level of party novelty (Eastern Europe). This expectation is primarily driven by the relative immaturity of party systems in Eastern Europe, which manifests itself through frequent structural and attribute-related changes within parties. Secondly, EU region provides us with

³ See Appendix B for more detailed description of data collection methodology (Appendixes can be found here <http://astro.temple.edu/~klitton/>)

a common ground that allows systematic comparison – EU parliamentary elections. They are conducted at the same time in all countries, which should control for general trends in the EU politics. Also, since the EU elections are considered to be secondary to the national ones, the presence of pre-election scandals is not likely to interfere with the results⁴.

The study was designed in such a way that each case represents a *party per electoral cycle* – that is, a party existing between two specific elections. The same party in a different electoral cycle is considered to be a separate unit. The nature and the combination of changes within a specific electoral cycle give a party a certain degree of novelty. The base, to which party changes are compared to, is the state of party structure and party attributes at the previous general elections. Once a party participates in the next general election, its novelty level drops to a zero and the cycle starts again. Thus, for instance, Danish social liberal party Det Radikale Venstres (RV) between 1999 and 2004 EU elections is a separate case in the database from the same party in 2004-2009 EU electoral cycle. In the former case, the party has a certain degree of novelty – it suffered two splits - in May 2007 with the formation of the New Alliance (later called Liberal Alliance) and in October 2008 with the formation of the Borgerligt Centrum. In the later case, the party has not changes any of its attributes and it stayed structurally intact, and therefore, had zero novelty.

The Discussion of Distribution

Some of the intuitive expectations from this comparative study are that party novelty varies across party per electoral cycle cases and the distribution of party novelty is skewed towards “less novelty” end. Figure 2 represents the variation of party novelty in the EU

⁴ See Appendix A, Table A1 for the list of countries and years (Appendixes can be found here <http://astro.temple.edu/~klitton/>)

countries between 1989 and 2009. The axes stand for the two dimensions of party novelty described earlier – change of party attribute (axis X) and change of party structure. Based on the figure, there is a good variation of cases along the *change of party attributes* continuum (Figure 2, X-axis). The distribution of cases is skewed towards less change as expected, although the peaking tail on the right hints on that complete change of party attributes is not the rarest occurrence (dashed line along the X-axis). It is important to note, however, that about a half of the cases in the complete attribute change category (last category) are start up parties for which the “change” of attribute was recorded by default. This accounts for the peaking tail at the end. Furthermore, the distribution of cases along the *change of party structure* continuum has even greater skewness towards less change than we see in the distribution along the *change of party attributes* continuum (Figure 2, dashed line along the Y-axis). Thus, it is apparent that parties change their attributes more readily than they change their structure. More specifically, change of program and change of party leader are the most common changes parties undergo. The change of name is more rare even with parties that change their structure. The prevalence of party program and leader change, perhaps, can be explained by the fact that parties choose transformations that would adapt them to the current economic or political circumstances and, at the same time, that would be least costly in terms of both votes and money. The change of name requires reprinting all of the branding materials and it carries a greater risk for party to lose votes (or at least a greater uncertainty about this risk).

Finally, when we combine the two dimensions of party novelty, we see that few parties in real politics remain *completely* unchanged from one election to another. This is mostly due to the fact that 78% of those parties that stayed intact changed at least one

attribute. The results show that there are 57 cases out of 333 (or 17.1%) in which parties stayed structurally intact *and* have not changed any of its attributes (name, leader, and program)⁵. This finding is crucial as it shows the importance of studying party novelty and its effects. In more than 80 percent of cases parties changed themselves in various ways and to various degrees, but we do not know if and how this change affected voters' party preferences.

PARTY NOVELTY EFFECT ON ECONOMIC VOTING

This section intends to show the effect of party novelty on democratic accountability, specifically through the mechanism specified in the economic voting theory. The section below will replicate the previous findings of the economic voting literature and will propose a new conditional variable to the existing economic voting model – party novelty.

Studies on economic voting revolve around the expectation that voters' support for their government will be hurt by economic downfall and in some cases helped by good economic times (Hibbs, 1977; Lewis-Beck 1988; Powell and Whitten 1993; Wlezien and Erikson 1996; Lewis-Beck and Strgmaier (2000); Duch and Stevenson 2008). The mechanism behind this effect comes from the view that voters' decisions about voting, to some extent, are policy driven. Voters evaluate current government in terms of the policy outcomes, in this case, economy being the focal outcome (Kramer 1971, 1983; Stigler 1973; Erikson 2004; Hibbs 2006).

⁵ The Party Novelty dataset includes 502 cases, but 169 cases were not included into the graph as they have missing data on one of the party attributes . (96% of the missing cases have missing data for the program change)

Most of the studies of economic voting define their dependent variable in dichotomous fashion: as the incumbent's vote share at the aggregate level or as a dichotomy indicating whether the respondent voted for a government or opposition party at the individual level⁶. Yet recent research has been critical of such approach (Van Der Brug, Van Der Eijk, and Mark Franklin 2007). It is argued, that the dichotomous voting choice does not reveal the complexity of the voting process described by Anthony Downs (1957). There are two stages to this process. When deciding whom to vote for, before making the observable choices (second stage), voters go through a latent (first) stage at which they form preferences for a number of parties. It is important to emphasize that, according to this view of the voting process, there is more than one party that voters prefer to some degree and they vote for the party they prefer the most. This two-stage process is critical. In a situation where voters have a clear preference for one party the slight change in party preferences due to certain factors – such as the state of the economy – would not change the vote. But when voters' preferences for two parties are tied, the party choice that voters make is very delicate and volatile. In this case, it can be influenced by the national economic conditions. Yet, if a study employs voting as a dichotomous dependent variable, it is most likely to miss the fluctuation of voters' preferences. Therefore, it has been suggested to use party preferences as a dependent variable instead of the variable describing a dichotomous voting choice (Van Der Brug, Van Der Eijk, and Mark Franklin 2007).

In this study voters' party preferences are measured with voters' propensity to vote for an array of parties. It is an unusual variable as it records voters' preferences for *each* party. In order to construct this variable, this study will follow the work of Van Der Brug,

⁶ Aggregate incumbent vote share is used in Kramer (1971, 1983) and Paldam (1991)

Van Der Eijk, and Mark Franklin (2007) who use the so called “stacked data matrix.” The “stacked data matrix” transforms the level of analysis from individual level to *individual per party* level. In every survey on voting behavior respondents are treated as units of analysis and their party preferences are set to be respondents’ attributes. The authors propose to construct dependent variable in such a way that “each respondent appears as many times as there are parties for which support propensities are measured.” This study adopts such approach to measure the dependent variable and defines it as the “observed strength of support of the respondent involved in each respondent*party combination for the party involved in the same combination” (Van Der Brug, Van Der Eijk, and Mark Franklin 2007, p.41-42).

This study will not test the two-stage voting model in its entirety. It will focus on the first stage and will attempt to predict voters’ party preferences using the economic voting model leaving the second stage (a model that uses party preferences to predict voting choice) to the future research project.

Independent variables and key expectations

The base model intends to replicate the most basic findings from the recent studies on economic voting⁷. The model is complex as it includes variables from four levels of analysis as well as their interactions. The levels are: individual, party, party per individual, and national. Let me provide a basic description.

⁷ In particular this study will try to replicate the base model estimated by Van der Brug, Van der Eijk, and Franklin (2007) in their volume “The Economy and the Vote” p. 88, Table 4.2, Model F as closely as possible

At the individual level, the model will include a set of individual characteristics shown to affect party support in the previous research such as age, class, religion, political interest, education, if unemployed and if retired. In addition, some electoral studies take into account the importance (or some use the term ‘salience’) of various political, economic and social issues for each respondent or in aggregate (Miller, Miller, Raine and Browne 1976; Abramowitz 1994; van der Eijk and Franklin 1996; Wlezien 2001). If a certain issue is important to a voter, then he/she has a meaningful opinion about it, which structures his/her support for parties. For instance, under conditions of hyperinflation, voters will evaluate political parties based almost exclusively on parties’ ability to combat this hyperinflation. Conversely, under stable economic conditions, non-economic issues are likely to dominate voters’ choice. Therefore, the same macroeconomic variable may have heterogeneous effects on voters’ choice in different countries and at different points in time. In order to control for this possibility, issue salience should be included in the model.

Typically, the salience is measured using the “most important problem” (MIP) survey question. There have been concerns that this is a limited (not complete, asymmetrical) measure of issue importance, given it doesn’t take into consideration importance of issues that are not “problems” per se (Wlezien 2005). But in the absence of an alternative instrument, this study will use the MIP survey question to control for the effect of issues on voters’ party evaluations⁸. It also works fairly well (see Soroka and Wlezien, 2010).

⁸ The variable is constructed in a following way. The MIP question is used to construct a series of dummy variables. Each of the dummies indicates if a particular respondent considers a certain issue to be the most important problem. For instance, there is a dummy variable indicating if respondents think of labor market conditions to be the most important

At the party level, the study will test if government parties experience “cost of governing” losses seen in previous studies (Powell and Whitten 1993; Paldam 1991; Nannestad and Paldam 1994, 2002). According to these studies, the estimated loss of incumbent party popularity is at about 2.5 percent. Government parties are expected to lose support simply as a result of incumbency. In order to test this effect the model includes a party level dummy variable measuring whether a given party was a governing party or was in a governing coalition for the past electoral cycle.

Secondly, the model includes a party size variable with the expectation that the larger the party the more the voters hold it accountable for the economic performance (Van der Brug, Van der Eijk, and Franklin 2007). Party size is measured by the proportion of seats in the national parliament.

At the individual per party level, the model will attempt to mimic aggregate level economic voting studies which control their models for the previous vote share of governing parties⁹. In order to do that it will include an individual level dummy variable indicating

problem in the country. Other dummies include, but not limited to: government, inflation, welfare, economy of a nation in general, health and food safety, foreign policy, environment and energy, corruption and crime, infrastructure, immigration and minorities, and other social and economic issues. These dummies are used to calculate predicted values (y-hat) of voters’ propensities to vote for particular parties. Thus, the base model itself uses this y-hat variable as a control for the effect of issue salience on voters’ party preferences.

⁹ Same variable was included in the economic voting models estimated by Van der Brug, Van der Eijk, and Franklin (2007)

whether a certain respondent voted for the particular party in the previous elections¹⁰. This variable is also suited for controlling for partisanship and other individual level variables not included in the model. It is expected to have a positive effect on party support – if a respondent voted for the particular party in last elections, he is likely to do the same in the current election.

In addition, it is necessary to control for the spatial effect on the left-right scale – that is, the difference between respondents' positions and their perception of parties' positions on the left right scale. Respondents should prefer parties closest to their own issue positions. The smaller the distance between the respondent's position and the party position the greater respondent's utility and, thus, the more likely this respondent to prefer this particular party (Downs 1957). Thus, the effect of distance is expected to be negative. Taking into account the fact that the unit of analysis is respondent per party, it should be easy to include a variable measuring the distance between respondent's position and the perceived position of each party on the left right scale¹¹.

Finally, previous studies found that the effect of the left-right proximity on party preference varies across political systems. This variance can be accounted for by calculating the extent of the perceptual agreement (Oppenhuis 1995). It measures the degree to which

¹⁰ It is important to remember here, that the units of analysis are “party per respondent”.

¹¹ The variable is constructed by calculating Euclidean distances between respondent's position and his/her perceived position of each party on the left-right scale

respondents in each country agree on the position of the political parties on the left-right scale¹².

At the national level, the model will test the effect of the economic and institutional conditions. In some studies, the effect of the economic conditions is detected through correlating voters' economic perceptions with their voting choice (Fiorina 1981; Lewis-Beck 1988; Alvarez and Nagler 1995, 1998). However, using voters' perceptions of economic conditions may be problematic. The causation flow from voters' economic perceptions to their voting choice has been accused of endogeneity (Wlezien, Franklin, and Twiggs 1997; Lewis-Beck and Stegmaier 2000). Party identification is believed to be the source of this problem (Andersen et al 2004; Evans 1999; Evans and Andersen 2006; Johnston et al 2005; Wilcox and Wlezien 1996; Wlezien, Franklin, and Twiggs 1997). Voters' ideological disposition affects voters' perceptions through a "perceptual screen" – a concept introduced by Campbell et al (1960) and applied to economic voting by Conover et al (1987). In order to mitigate endogeneity some suggest controlling for partisan identification (Evans and Andersen, 2006)¹³.

The concerns that the effect of the economic perceptions is overestimated due to endogeneity have been mounting until very recent study by Lewis-Beck, Nadeau, and Elias (2008). The authors argue that while the bias caused by endogeneity indeed exists it is

¹² This measure was calculated using the procedure described in Van der Eijk (2001) and STATA algorithm ("agrm") developed by Alejandro Ecker

¹³ A number of studies put out more far reaching critique arguing that economic expectations are not exogenous to politics as it was previously assumed.¹³ In their recent study Ladner and Wlezien (2007) showed that voters' economic expectations are affected not only by voters' support for incumbents but also by their forecasts of the electoral outcome

substantially downward. In order to eliminate endogeneity, the authors utilized panel data instead of commonly used cross-sectional data. They concluded that in panel data research design the effect of the economic perceptions is even greater than the effect reported in cross-sectional studies. Others are less sanguine about the use of the economic perceptions in the model of economic voting (Evans and Pickup 2010). There is no guarantee that the issue is put at rest as the authors do not question the *existence* of endogeneity in the cross-sectional economic voting models. In order to avoid dealing with endogeneity, this study uses objective measurement of the economy – the level of economic growth, inflation, and unemployment. The number of economic contexts (in total 67) permits the use of the objective measures without under-specifying the model of economic voting.

Thus, to test the key hypothesis fundamental to the economic voting literature, the model includes national level economic indicators and their interactions with the party incumbency dummy. The expectation is that economic growth has a positive effect on voters' support for government party, while inflation and unemployment have negative effects. In addition it is expected that the effects of the economy on voters' support for opposition parties will be smaller or differently-signed than for government parties.

Among other notable determinants of party support are system characteristics. Specifically, the clarity of responsibility within a political system is believed to mediate the effects of the economy (Powell and Whitten 1993; Whitten and Palmer 1999; Van Der Brug, Van Der Eijk, and Mark Franklin 2007). Given the comparative nature of this study, it is essential to take into account institutional differences between political contexts. Powell and Whitten's (1993, p. 398-406) construct the clarity of responsibility index from five measures recording whether there was: a weak party cohesion, a chairmanship of legislative

committees by opposition parties, a bicameral opposition, a minority government, a coalition government.

For the past two decades the index has been refined, so some recent studies use slightly altered clarity of responsibility index. In order to calculate the index and classify the countries, this work uses methodology developed by Tavits (2007, p.221) who relies on Powell's (2000) work. Thus, the index used in this study has four composites: government majority status, cabinet duration, opposition influence, and the effective number of parties¹⁴.

The key hypotheses of this study specify expectations of whether and how party novelty affects voters' party preferences in different economic circumstances. It is argued that the main mechanism lies through the alteration of party identity. It is assumed Certain party transformations are more significant than others and they presumably are more recognizable to voters. Party identity is understood in terms of a visible party presence, the one that is apparent to common voters with little to no interest in politics. Thus, in this study, those structural or attribute changes within parties that can be seen by voters without them having to obtain in depth knowledge are expected to alter party identity the most and, in turn, are expected to have greater effect on voters' party preferences¹⁵.

¹⁴ The index has to be calculated anew as: (1) this study includes recent governments (up to 2009), which were not included in the calculations by Powell's (2000) or Tavits (2007); (2) some of the composite elements of the index are time sensitive – that is, for every country each additional government alters the score. See Appendix B for details on how it was constructed

¹⁵ The sources of such in depth knowledge could be party statutes, extensive news reports, or party program.

In sum, this study will test the following hypotheses:

H1: Party novelty has the conditional effect on voters' propensity to vote for parties given various economic circumstances.

H2: Both dimensions of party novelty (structural and attribute change) as well as their internal elements are expected to have a conditional effect on voters' propensity to vote for parties given various economic circumstances.

H3: The effect specified in H2 should be seen in both government and opposition parties.

H4: In improving economic circumstances, government parties should loose from greater degrees of party novelty (or its dimensions or their internal elements), while when economy goes down government parties should benefit from greater degrees of party novelty.

H5: In improving economic circumstances opposition parties should benefit from greater degrees of party novelty (or its dimensions or their internal elements). However in deteriorating economic circumstances opposition parties should not either benefit or loose from greater degrees of party novelty.

H7: Those elements of party novelty that alter party identity the most are expected to have stronger effect than those than do not. For instance, within change of party attribute dimension, change of party program is expected to have weaker conditional effect on this party popularity than change of party name. Likewise, within change of party structure dimension, leaving electoral alliance should have weaker conditional effect on this party popularity than suffering a split or even weaker than starting party from scratch.

Data and Methods

The data measuring voters' party preferences can be found in two large cross-national studies: Comparative Study of Electoral Systems (CSES) and the European Election Studies (EES). In the CSES, voters' party preferences are measured using the feeling thermometer, while in EES it is measured with voters' propensity to support particular parties (PTV).

There is a reason to believe that PTV is a better measurement of voters' party preferences. Some advocate the use of the propensity measure as it was found to have the stronger relation with voting choice than feeling thermometers (Van Der Brug, Van Der Eijk, and Mark Franklin 2007). For instance it was established that whereas in 93 percent of the cases the party choice matches the party with the highest score on the support propensity measure, the match rate for feeling thermometer was much lower at 73 percent (Kroh 2003). Since this study is interested in voters' party preferences provided that ultimately they affect voting choice, PTVs appear to be a better measure of voters' party preferences. Therefore, the data for the dependent variable as well as for some individual, party and country level variables will come from the European Election Study (EES). It has been conducted during 7 consecutive elections for European Parliament between 1979 and 2009.

Another reason for the use of the EES is spelled out by Van Der Brug, Van Der Eijk, and Mark Franklin (2007) – they encourage the use of the EES as elections to European Parliament are “uncontaminated by the idiosyncrasies of national elections”. In other words, EU elections are relatively free from the effect of the campaign slogans, candidates' appearance, political scandals and other nonrandom noise that is commonly associated with national elections.

Also, a few words should be said on cyclicity in EU elections. Since the data is collected for the EU parliamentary elections, which in most of the cases do not coincide with

national parliamentary elections, the model should control for the effect of the electoral cycle on popularity of incumbent parties. It has been observed that government party popularity drops in the middle of the cycle. The popularity seems to go down in the first half of the cycle regardless of government performance: that is either due to government inability to satisfy conflicting demands from various groups of voters (Downs, 1957) or because the opposite is true – government satisfying demands for policies that brought them into office in the first place (Wlezien 1995, 2004; Franklin and Wlezien 1997; Bafumi, Erikson, and Wlezien 2010). According to the latter view, in the second half of the cycle the popularity of incumbent parties tends to go up as they start framing new issues and formulating new policies in anticipation of the upcoming election¹⁶.

Furthermore, there are a few ways to measure the economic conditions in a country for a certain electoral cycle. The change measures make more sense for comparative research than the static measures. While the latter simply captures the state of the economy at a given point in time, the former highlight the trend – whether the economy got better or worse – that is more likely to be registered by voters. Therefore, the following indicators were used for the economic voting models: a percentage change in real GDP for a year of the election as compared to the previous year (i.e. real GDP growth), a percentage in annual rate of unemployment for a year of the election as compared to the previous year, a percentage change in prices for a year of the election as compared to the previous year (i.e. annual inflation rate). Data measuring economic growth, inflation, and unemployment is obtained from the OECD online database.

¹⁶ See Appendix B for how the variable was constructed

Finally, to estimate the model I use OLS with country and year dummies and with robust errors calculated at the individual level, not individual per party level. The errors are calculated at the individual level in order to deal with the fact that respondents give different patterns of answers to the PTV questions (remember that the data is stacked, so the same respondent is appearing several times in the data)¹⁷. For instance stronger identifiers will single out one party with a high PTV score; weaker identifiers will give same PTV scores to two or more parties.

Results

As stated above, the analysis starts with replication of the economic model in which all government parties are held equally accountable for the state of the economy no matter what degree of novelty they have. After running models with various combinations of economic indicators it became apparent that models using GDP growth and unemployment rate generate statistically significant interactions with signs that confirm theoretical expectations. Models that use inflation and misery index as economic measures do not yield robust results.¹⁸ Since GDP measure is more consistent across countries than the measure of unemployment, the model using GDP growth is more reliable. Therefore, models, discussed further in the paper, are built based on the GDP growth model (see Table 1. Model A).

From the Model A estimates, the joint effect of the GDP growth and party government status has a positive sign which supports the findings of the previous literature

¹⁷ See similar procedure in Van Der Brug, Van Der Eijk, and Mark Franklin (2007)

¹⁸ The Base models testing the effect of unemployment, inflation, and misery index are not shown. See Appendix A, Table A2

on economic voting¹⁹, ²⁰. Government parties gain popularity from increasing GDP growth rate and lose when it drops, while opposition parties lose from increasing GDP growth rate and gain when it falls (Figure 3).

Furthermore, I replicate the effect of the clarity of responsibility on party preferences (Table 1, Model B). The estimates reported in Model B show that the clarity of responsibility has a statistically significant conditional effect on voters' propensities to vote for parties. Interaction coefficients, when graphed, show that the punishment or the reward effect for government or opposition parties is stronger in a high clarity context and weaker in the low clarity one, the finding that confirms previous research (Powell and Whitten 1993; Whitten and Palmer 1999; Van Der Brug, Van Der Eijk, and Mark Franklin 2007)²¹. In a low clarity context, government parties do not seem to gain or lose from the change in GDP growth rate.

Finally, Model C builds on Model B and tests the conditional effect of party novelty on voters' propensity to vote for government parties given varying economic environments (Table 1, Model C). This is a naive model as party novelty here is measured with a binary variable in which "0" means that there was no change of party attributes (name, leader, and

¹⁹ The joined effect is calculated as a sum of the *GDP growth* coefficient and the coefficient of the interaction between *government party* and *GDP growth*

²⁰ The fact that GDP growth is centered around its mean complicates the direct interpretation of the magnitude of the effect. As a rule of thumb: for the change of GDP (or GDP growth), all values above zero represent cases in which economy did better than the average for all 67 cases included in the research; values below zero represent cases that are worse than average

²¹ See the graph in Appendix A, Figure A2

program) or party organization (mergers, splints, etc), and “1” means that there was a change of one or more elements of party attribute or party structure dimensions.

Results show that party novelty matters as the three-way interaction between party government status, party novelty, and the change of GDP growth rate is statistically significant. This supports the first and the most naive hypothesis (H1) that party novelty matters in general terms. However, Figure 4 shows that the effect does not have a uniform magnitude. Those government parties that have not changed themselves in any way improve their popularity with the same *rate* as government parties that changed themselves. At the same time, changed government parties on average have lower popularity than unchanged ones. One can suspect that this effect could stem from the fact that changed parties are aware of their low popularity (or its prospects) and attempt to alter their luck by changing. However, the discussed models take this possibility into account, at least to some extent. Given the dependent variable is voters’ self declared propensity to vote for each of the parties, the inclusion of the variable indicating respondents’ vote in the previous national elections should control for some of this endogenous effect.

Voters’ propensity to vote for opposition parties, on the other hand, tends to be affected by party novelty in a more profound way. Opposition parties that changed themselves lose support at a slower rate when the economy improves than opposition parties that did not change themselves. Moreover, from Figure 4 (Model C) it is apparent that the effect of party novelty diminishes with a worsening economy. This finding supports hypothesis H5.

The effect of structural and attribute change

This section discusses various models using different elements of party novelty. The models run with party attribute dummies showed that their conditional effect works primarily for the opposition parties²². Specifically, change of opposition party leader, and more so, party program tends to increase opposition party popularity in improving economic conditions, when government parties usually have the upper hand (Figure 5). This effect is apparent when economy is measured in terms of economic growth, but not significant when it is measured in terms of the unemployment rate²³. The finding showing that the change of party leader has significant and substantial effect is interesting in the light of the recent research showing the increased role individual politicians play in the European electoral scene. For instance Curtice and Holmberg (2005) show that individual politicians influence the choices made by voters more than was expected. Also, Kaase (1994) and Rahat and Sheafer (2007) provide the evidence of politicians gaining importance in media coverage of politics. Finally, the recent conference paper by Renwick and Pilet (2011) shows the increasing personalization of electoral systems in Europe. It could be hypothesized, that the effect of the party leader change differs for Eastern or Southern Europe (where politics tends to be more personalized) and for Western Europe. However, inclusion of the variable identifying region in the model did not confirm its conditional importance. Four-way interaction between the region, party government status, GDP change, and change of party leader was not statistically significant.

Furthermore, results show that the change of party name does not have a statistically significant effect for government or opposition parties. This finding contradicts hypothesis

²² Models are not shown, see Appendix A, Table A4

²³ See models using unemployment rate in Appendix A, Table A7

H7. Contrary to the expectations, the most visible to voters element of party novelty (change of name) does not have a stronger effect than less visible ones (change of leader or change of party program).

Moving on to the second dimension of party novelty, change of party structure showed interesting results. Out of eight models that estimate interactions between dummies measuring change of party structure, economy, and party government status, four have statistically significant conditional effect on voters' propensity to vote²⁴. Two of those four yielded substantial effects presented in Figure 5 – one related to parties emerged anew from a split and the other related to start up parties (i.e. from scratch). From Figure 5, the popularity of opposition parties that emerged anew from a split or from scratch drops faster than the popularity of other opposition parties as the economy improves, and increases faster as the economy deteriorates. More interestingly, the popularity of government parties that emerged from scratch increases when GDP grows while the popularity of other government parties decreases although marginally.²⁵ Mirroring effects can be seen in the models that use the change of unemployment as the measure of economy²⁶.

²⁴ Models are not shown, see Appendix A, Table A5 and Table A6

²⁵ The party structure change categories that refer to the formation of new parties have both government and opposition parties. Existence of the 'government parties' group in these categories is the phenomena that resulted from the fact that the Party Novelty database records party change at the time of the EU elections. If within the EU electoral cycle there was a national parliamentary election, in which a new party won some seats and got into the government, then such a party is recorded as both a new party and a government party.

²⁶ Models are not shown, see Appendix A, Table A8 and Table A9

It is worth noting that the above findings support theoretical assumptions made in the previous studies in which a merger is not considered to be an identity-altering transformation of a party, while a split is considered to have an identity-altering effect (Hug 2001; Kreutzer and Pettai 2003; Tavits 2008; Sikk 2005). This paper views alteration of party identity as an essential part of the mechanism through which structural and attribute change within a party affects its popularity. Therefore, the fact that the emergence of a party anew from a split has a significant effect on party popularity while the emergence of a party anew from a merger does not, given certain economic conditions, tells us that the former alters party identity more than the latter (although findings are true only for opposition parties).

Dummy variables measuring less severe structural change – such as abandonment or entrance into an electoral coalition – did not show statistically significant results. The dummy representing parties that emerged anew from dissolution also proved to be insignificant for either GDP growth or unemployment rate measures of economic conditions.

All in all, in contrast to the attribute dimension, the structural dimension of the party novelty concept shows a pattern expected in hypothesis H7. Those dummy variables that measure less severe structural change (abandonment or entrance into electoral coalition) have insignificant or weak effect on voters' propensities to vote than those that measure more severe structural change (new splinter and start up parties).

Finally, the results did not support the expectations made in hypothesis H3 stating that the effect of party novelty or its elements should be seen in both government and opposition parties. Clearly, the results are more significant and substantial for opposition parties than for government ones. As a result, hypothesis H4 stating expectations for government parties did not hold as well.

CONCLUSION

This study explored the concept of party novelty and its effects on voter's party preferences. In the first half, the paper defined party novelty as the quality that reflects the degree of change within a party in terms of its structure and attributes within one electoral cycle and highlighted its empirical relevance. To sum up, it established that in more than 80 percent of cases parties changed themselves in various ways and to various degrees. Consequently, it raised a question of whether and how this variation affects voters' party preferences. This question was explored in the second half of the paper.

The finding that surfaces the most is that it is beneficial for opposition parties to change their attributes in improving economic conditions when government parties usually have the upper hand. By changing, they avoid losing as much support as they would if they did not change. However, opposition parties should avoid severe structural transformations such as creating new splinter parties or starting parties anew from scratch when the economy improves.

The consequences of these findings are quite interesting. First of all, they tell us that change of and within party organization matters for estimating party support among voters. Party policy stance is not the only party characteristic voters base their preferences on. Furthermore, up to now, economic voting models used only party incumbency, ideology, and

party size to account for party level effects on voters' party support. The significant and substantial effect of certain elements of party novelty draws attention to party change as an important predictor in the economic voting models.

By highlighting party novelty as an important predictor of voters' party preferences, this study attempted to bring two fields of political research together – the one that is focused on party development and another that is focused on political behavior. Yet, there are a lot of questions that are still left open for both bodies of literature. On the one hand, it is imperative to study what explains party novelty, and party development literature offers a number of possible explanations to test in this regard. Also, future research should explore the possibility of more efficient operationalization of party novelty as a categorical variable rather than as a series of dichotomous ones.

On the other hand, literature on political behavior opens up possibilities for future research as well. For instance, it is interesting to know if the timing of change matters. In other words, will a party do better or worse if it changes immediately before the elections given various economic conditions? Furthermore, this paper makes an assumption that voters are not sophisticated – that is, they base their judgment only on the most visible changes and do not have in-depth knowledge of the political developments. Future research should relax this assumption and see if the effect of party novelty and its elements is the same for knowledgeable and ignorant voters. And, finally, it would be valuable to examine the effect of party novelty on other aspects of accountability besides the economy, such as, policy representation. In the meantime, we know that what parties do can matter to what voters do on Election Day.

TABLES AND FIGURES

Figure 1. Presumed Party Novelty Distribution

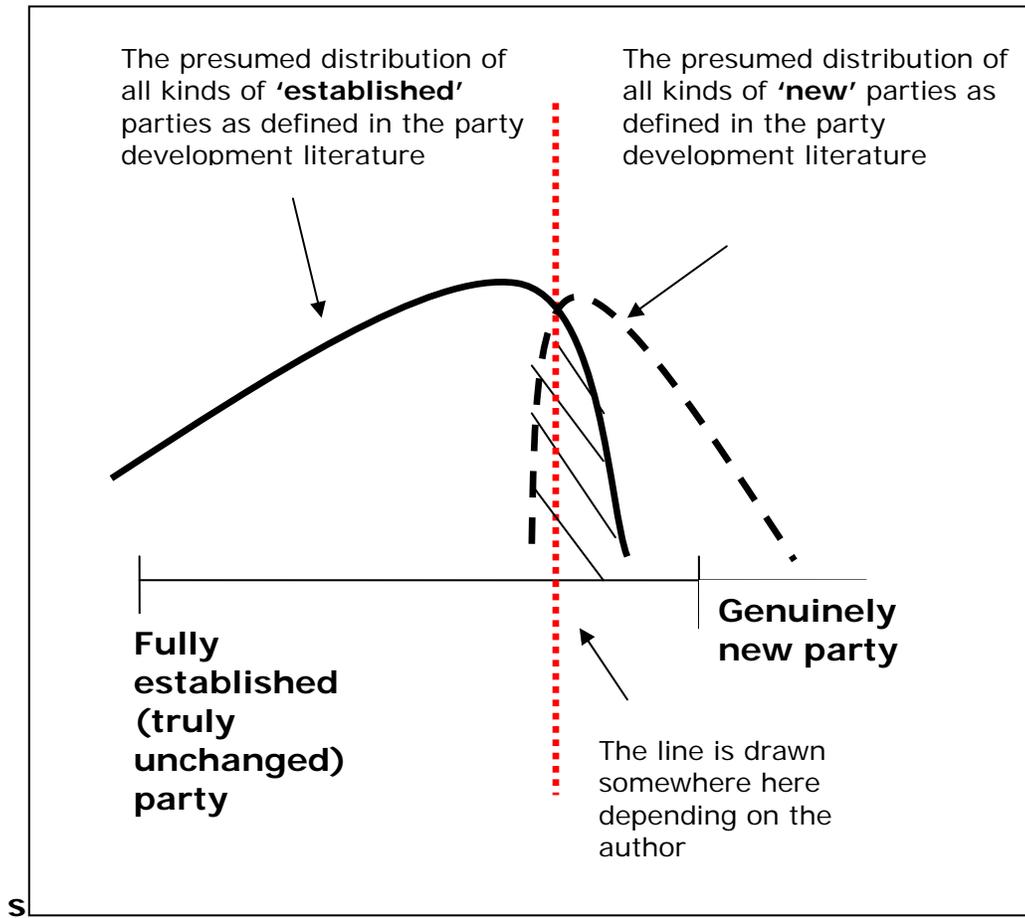
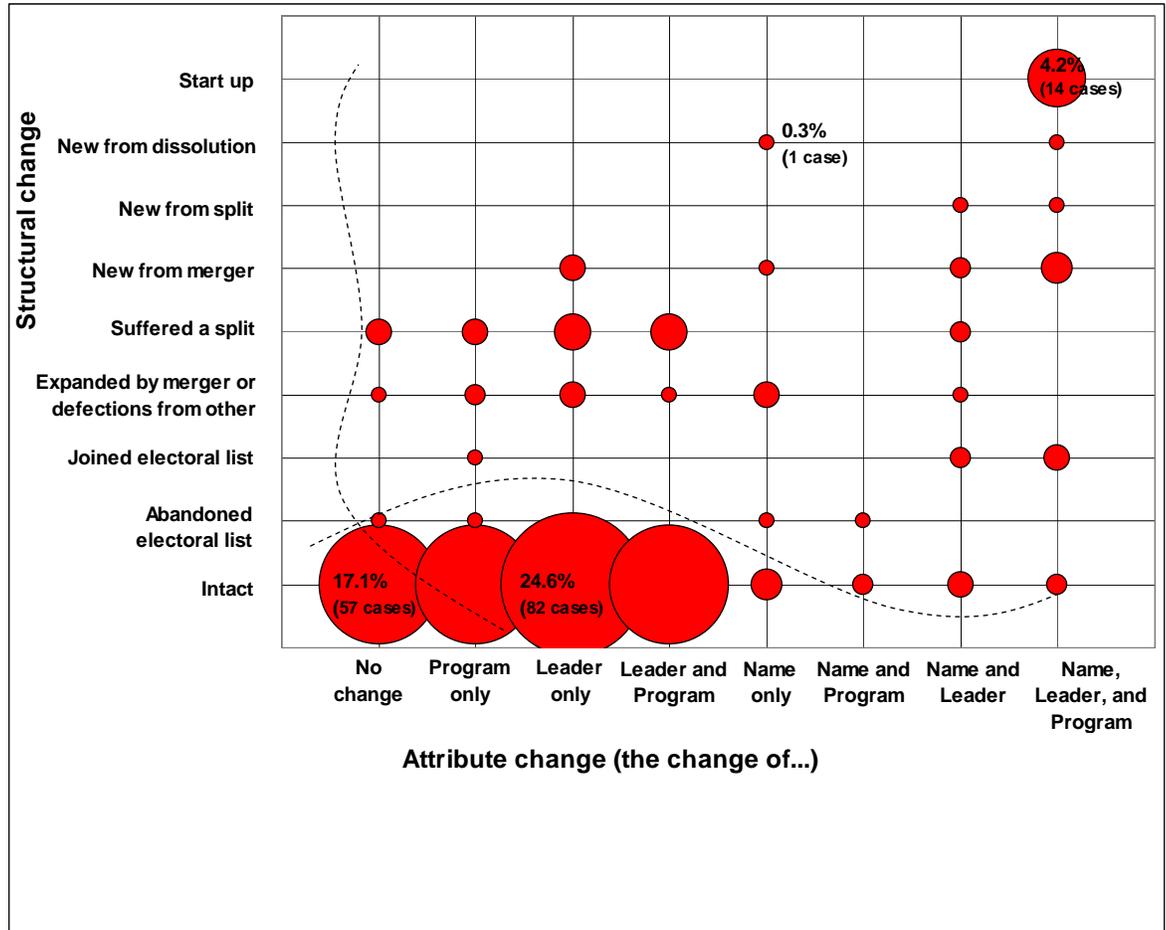


Figure 2. Distribution of Cases on the *Change of Party Attributes and Change of Party Structure Continuum*²⁷



²⁷ Only the cases that have no missing data were included. In total 333 cases.

Overwhelming majority of cases were excluded because of the missing data on party program change

Table 1. Baseline Models of Economic Voting

	Model A Replication		Model B Clarity of Responsibility		Model C Party Novelty	
	Coef.	Robust S.E.	Coef.	Robust S.E.	Coef.	Robust S.E.
Government party	0.125***	(0.039)	0.448***	(0.058)	0.761***	(0.071)
GDP growth	-0.024***	(0.007)	-0.129***	(0.017)	-0.155***	(0.020)
Government party * GDP growth	0.050***	(0.005)	0.077***	(0.007)	0.099***	(0.013)
Clarity of responsibility			-0.060*	(0.021)	-0.246***	(0.024)
Government party * Clarity of responsibility			-0.153***	(0.019)	-0.134***	(0.021)
Clarity of responsibility*GDP growth			0.025***	(0.007)	0.025***	(0.004)
Government party * Clarity of responsibility*GDP growth			-0.008**	(0.003)	0.004	(0.003)
Party novelty					0.502***	(0.031)
Government party * Party novelty					-0.641***	(0.055)
Party novelty *GDP growth					0.071***	(0.008)
Government party * Party novelty*GDP growth					-0.078***	(0.011)
Constant	2.341***	(0.216)	2.566***	(0.211)	2.721***	(0.240)
Adjusted R sq	0.420		0.420		0.445	
N	126246		126246		88411	

*** p<0.001, **p<0.01, *p<0.05

Notes: Dependent variable is *Respondent's propensity to vote for a given party*. Country and year dummies as well as other control variables are included in the models but not reported (see Appendix for the full table). GDP growth is centered around its mean.

Figure 3. Interaction between party incumbency and Economic growth (Model A)

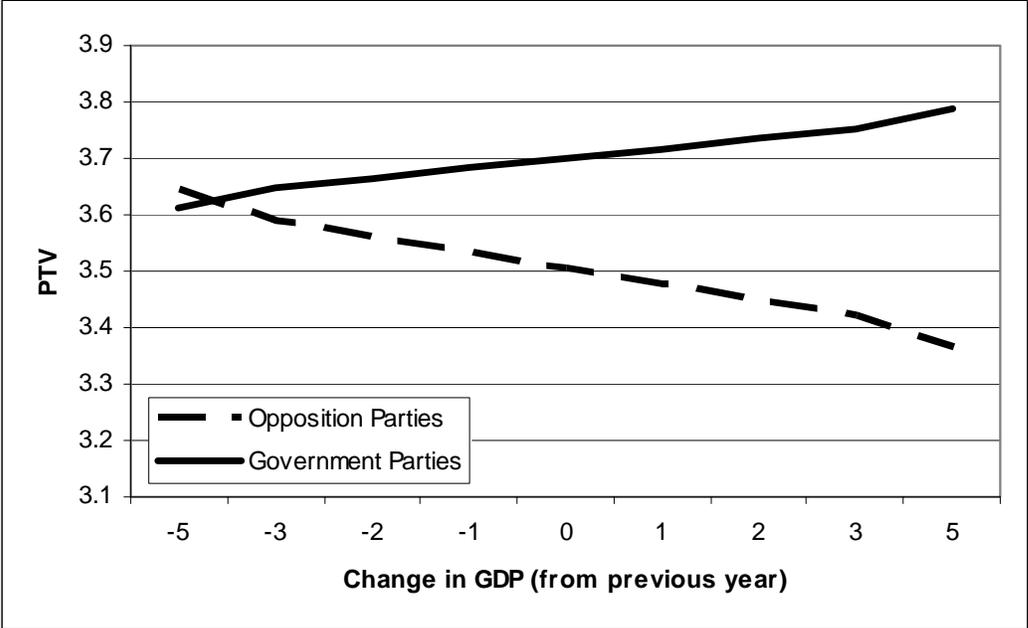


Figure 4. The conditional effect of party novelty on voters' propensities to vote for particular parties (Model C)

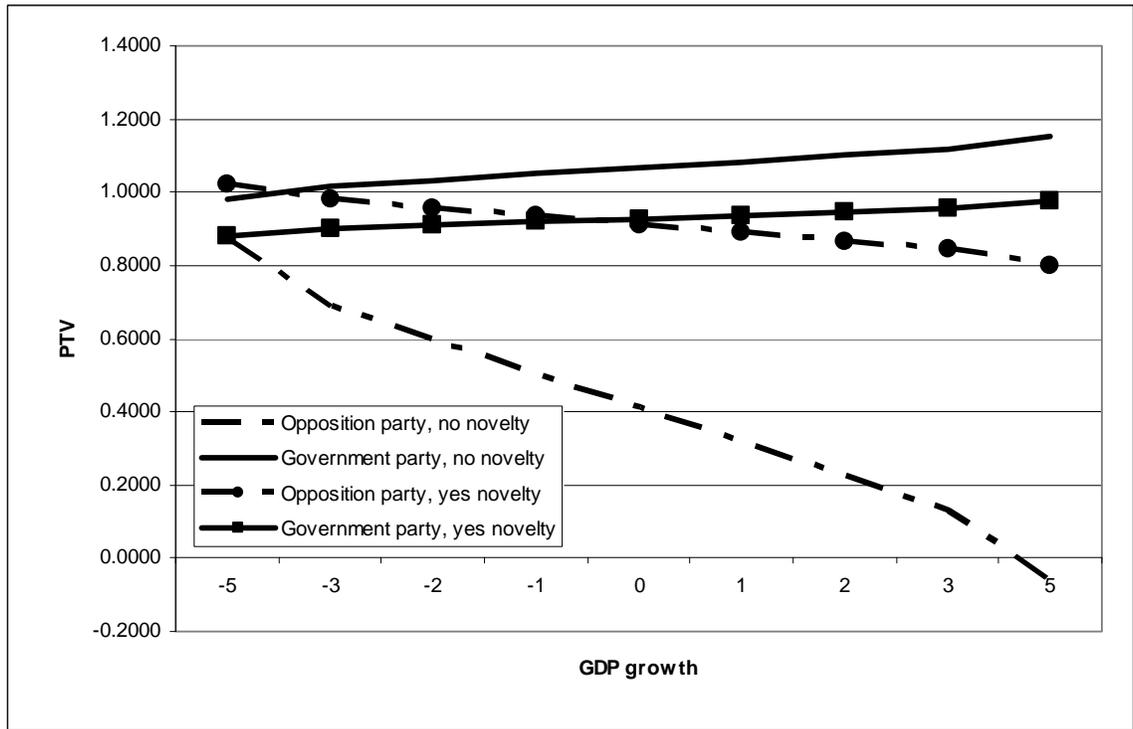
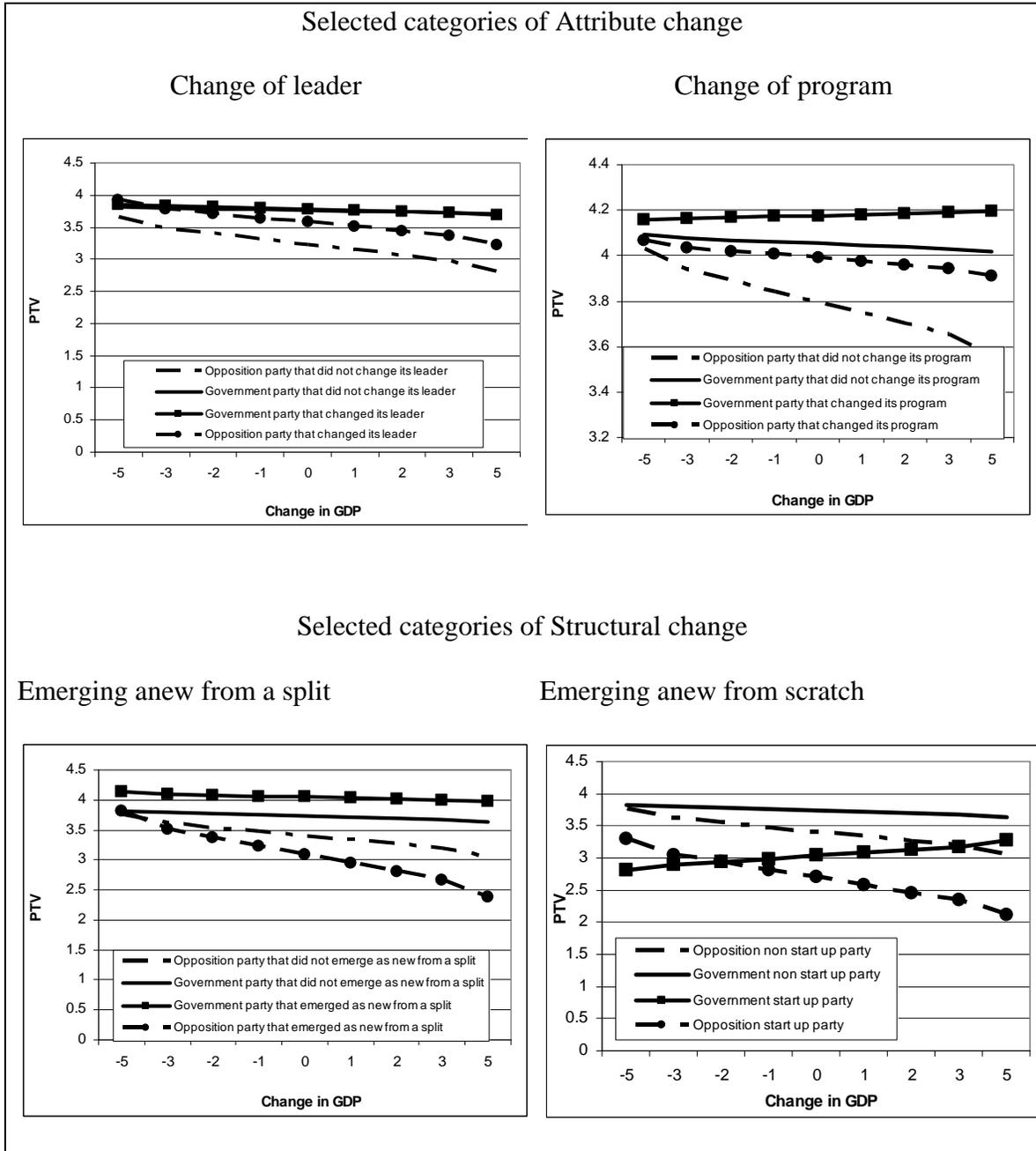


Figure 5. The effect of structural and attribute change on voters' propensities to vote for parties



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